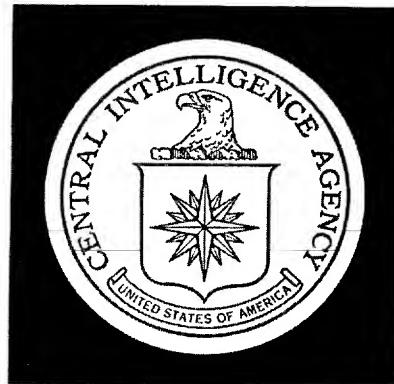


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North Korea: Official statements during this week's 20th anniversary of the "Korean People's Army" show no change in Pyongyang's attitude toward the Pueblo case.

Premier Kim Il-song called the Pueblo "intrusion" a "gangster-like piratic act" which shows that "US maneuverings" for a new war in Korea have reached a "grave stage." Defense Minister Kim Chang-pong issued a five-point order urging the army to build "full combat readiness."

Soviet party secretary Ponomarev arrived in Pyongyang yesterday for a visit which will probably be devoted in the first place to briefing North Korea, which has shown little interest so far, on the international Communists' consultative meeting set for Budapest later this month. Ponomarev is the CPSU secretary in charge of relations with nongoverning parties and had just returned to the USSR from Japan, where he and politburo member Suslov failed to persuade the Japanese Communist Party to attend the meeting.

Ponomarev will also have a chance to test the present mood in Pyongyang regarding the Pueblo affair. His visit will symbolize Soviet "fraternal" solidarity with the North Koreans. It is doubtful, however, that Moscow is ready to depart from its policy of minimal involvement in the Pueblo affair, and this issue is likely to figure in the discussion in only a general way.

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Communist China - Hong Kong: Peking's latest gestures of support for the Hong Kong Communists reflect the long-range nature of its strategy toward the colony.

In an apparent effort to embarrass the Hong Kong Government, the Chinese are complaining loudly about the "plight" of imprisoned "compatriots" and other "victimized" workers. A shipment of winter clothing donated by the Kwangtung provincial authorities for "needy compatriots" in the colony arrived this week and occasioned a full-scale propaganda campaign by Hong Kong Communists. Peking has also offered 5,000 tons of rice, and Communist officials in the colony are attacking the British for attempting to turn the proffered donation into a "commercial transaction."

These initiatives are consistent with Peking's emphasis on the long-term political nature of the confrontation.

Local Communists indeed have been stressing social and economic grievances against the British, and there have been virtually no terrorist incidents in the colony since late last year.

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Indonesia: The Suharto government, faced with continuing economic problems, is undertaking a new round of political improvisations.

Acting President Suharto on 9 February announced the appointment of 67 new members and 119 replacements to the 414-seat parliament where major elements have been vacillating in their support of the government. This was particularly true of the two largest parties, the National Party and the Nahdatul Ulama, but members of Suharto's "new order" itself were also being recalcitrant.

The regime's main objective in "refreshing" parliament apparently is to create a body more amenable to Suharto's direction. Among those dropped from parliament were prominent Moslem and "new order" activists, including members of the military, who have criticized the government and warned of the danger of militarism.

The fact that parliamentary representations of the two big parties were not drastically changed, however, points toward possible compromise with these parties on a plan now being pressed by the regime. This is proposed congressional endorsement this spring of Suharto as full president for the constitutionally provided five-year term.

These political moves are motivated by government concern over economic prospects, particularly for 1968, and awareness that economic difficulties are exploitable politically. Sharp increases in rice prices in January have already forced living costs higher than anticipated for the entire year. The regime also fears that its request for \$325 million in economic assistance will not be met by Western donors when those nations meet at a pledging session in April.

(continued)

Revisions in government plans are inevitable and probably will include postponement of several development projects. Despite government apprehensions, some economic progress, however unspectacular, appears likely this year.

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